

5.3 Intergovernmental Cooperation/Boundary Agreements

Many municipalities have begun to use boundary agreements to manage the growth in their region in cooperation with their neighbors. Boundary agreements can be used by two or more municipalities to arrange for providing services, plan for future annexation, or document a tax sharing agreement. One agreement could be used for many different things. There is also a special type of TID, the Cooperative TID that requires municipal officials to sign a boundary agreement that meets certain specifications. This section provides an explanation of the Cooperative TID and a brief background on boundary agreements. More information on boundary agreements can be found on the [Department of Administration website](#).

Cooperative TID

With 2005 Act 13 Governor Doyle created section 16 of the TIF Law. This section governs Cooperative TIDs and sets out the way municipalities will use this new TIF tool. Currently towns possess a unique TIF power that is specially designed for rural development. Some towns, however, have development needs more similar to those of a city, and this new power is meant for those situations. A Cooperative TID allows a town that signs a boundary agreement with a neighboring city or village to use the regular City/Village TIF power (Wi. s. 66.1105). This opens the door to industrial and mixed-use development, blight elimination and remediation projects.

Please note: This type of TID can only be created in a town that shares a border with a city or village. Without that common border there cannot be a boundary agreement signed.

Section 16 of the TIF Law lays out the requirements for creating a Cooperative TID. The same rules and timelines that apply to a TID created under s. 66.1105 apply to a Cooperative TID. Along with the other forms and resolutions, the Cooperative TID also requires that

- the town enter into a cooperative plan with a city or village, under s. 66.0307, by which part or all of the town will be annexed by the city or village in the future;
- the city or village into which the town will be annexed adopt a resolution approving the creation of the Cooperative TID;
- the Cooperative TID be located solely within territory that is to be annexed by the city or village in the agreement.

The lifetime, expenditure period, reporting requirements and audits are all the same for Cooperative TIDs as for any other TID created in a city or village using s. 66.1105 TIF powers. See Chapter 2 of this manual for more information on those procedures.

Under the rules that govern Cooperative TIDs, as soon as the land in the TID is annexed into the city or village the TID is dissolved. There are no restrictions, however, on the use of the land once it is incorporated within the new municipal boundaries. One reason the Cooperative TID is dissolved, when the annexation happens, is that TIDs belong to the municipality that creates it, be it a city, village or town, and cannot be transferred.

Intergovernmental Cooperation

The matter of borders and growth can strain relations between municipal officials. Such disagreement can often hurt the prospects for growth that may be encouraged by cooperation. At the very least, a peaceful relationship with one's neighbor is always favored to one of bad blood. To show good will and reduce the potential for disputes in the future, neighboring municipalities many want to consider exploring the usefulness of boundary agreements.

As new development comes into a community it can often help to encourage other growth. When growth happens on the border of two or more municipalities the effects of the development can spill over into the surrounding areas. Issues concerning the cost of servicing the new growth, increased pollution or traffic, effects on the market for housing and on public schools, and other complicated matters can create problems. By partnering to address these and other issues, local leaders may be able to prevent some problems from requiring costly litigation. Solutions such as collaborative services (where one municipality provides services to another at a negotiated price), tax sharing, annexation agreements, border freezes, and cooperative development can be explored.

Each solution will be unique to the issue, so municipalities that are interested in using boundary agreements may consider consulting the [Wisconsin Department of Administration](#) or the [University of Wisconsin Cooperative Extension](#).

Comprehensive Planning

The long-term growth of a community is often facilitated by the creation of a comprehensive plan, sometimes called a master plan. Wisconsin statutes outline the necessary parts of a comprehensive plan in s. 66.1001 (2) and include the housing element, transportation element, economic development element and the intergovernmental cooperation element, to name but a few. Wisconsin's "Smart Growth" law provides the structure for providing grants to municipalities to help finance the production of a master plan. Several criteria are laid out that provide the basis for awarding these grants in s. 16.965 (4). Growing communities should consider the need for a comprehensive plan to help direct their growth.

The Department of Administration offers [a helpful resource directory](#) for the comprehensive planning grant program.